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Visium Hedge Fund Being Investigated by Justice Dept. and S.E.C.

By ALEXANDRA STEVENSON MARCH 7, 2016

The hedge fund Visium Asset Management is being investigated by the Justice Department and the Securities and Exchange Commission, the fund told investors on Monday.

The agencies have requested information from several years ago relating to Visium's valuation of certain securities in a credit fund it shut down in 2013. The authorities are also looking at Visium's trading of certain securities and the firm's use of a consultant more than five years ago.

Jacob Gottlieb, the chief investment officer of Visium, wrote to investors on Monday. In the letter, a copy of which was reviewed by The New York Times, Mr. Gottlieb said that Visium was cooperating with the government and that "we will work through this matter and will continue to proactively and diligently manage the situation."

"We expect only the highest ethical conduct from all our employees," he added.

Visium started its Credit Opportunities fund in 2009. It is not the first fund that Visium liquidated in recent years. In November, the firm liquidated another fund

called the Visium Event Driven Fund, according to a regulatory filing.

Based in New York, Visium manages \$8 billion of investor money and has long focused on investments in health care. It was one of more than a handful of hedge funds that were invested in Valeant Pharmaceuticals International last year, but it sold the last of its shares in the fourth quarter of 2015, according to regulatory filings.

The hedge fund was founded in 2005 and has 170 employees based in New York, London and San Francisco.

Mr. Gottlieb has a medical degree from New York University, but turned to finance soon after graduating. His first job was at Sanford C. Bernstein where he was an analyst, according to his LinkedIn profile. Mr. Gottlieb worked at the hedge fund Balyasny Asset Management for four years before founding Visium.

Some of Visium's institutional investors include the New Jersey State Investment Council, the School Employees Retirement System of Ohio and the Missouri State Employees' Retirement System.

It is unclear from the letter how serious the investigation is and whether any charges will be filed.

A spokesman for Visium declined to comment.

The Wall Street Journal reported the investigation earlier Monday.

Matthew Goldstein contributed reporting.

A version of this article appears in print on March 8, 2016, on Page B5 of the New York edition with the headline: Hedge Fund Discloses a Federal Investigation.